## Message Text

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**ACTION EB-07** 

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3018

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E.O. 11652: N/A TAGS: EAIR. JA

SUBJ: CIVAIR: REJECTION BY JCAB OF PROPOSED AIR FARE FILINGS

**REF: STATE 206279** 

- 1. AFTER COORDINATING WITH PAN AM, EMBOFF DISCUSSED PROBLEM OF AIR FARES WITH FONOFF 1ST NA DIVISION MATSUOZAWA ON SEPTEMBER 2. EMBOFF EXPLAINED THAT, IN LIGHT OF EXTREMELY LOW TRANS-PACIFIC FARES OFFERED BY SOME AIRLINES, USCAB CONSIDERED PAN AM'S PROPOSED FARE REASONABLE AND HAD NOT DISALLOWED IT. THEREFORE, AS FAR AS USG CONCERNED, NEW FARE HAD GONE INTO EFFECT ON SEPTEMBER 1. EMBOFF ALSO STRESSED THAT FARE SCHEDULED TO EXPIRE MARCH 31, 1976, AND THAT WE HOPED THE GOJ WOULD ALLOW THE FARE TO CONTINUE FOR THIS LIMITED PERIOD OF TIME.
- 2. DRAWING ON PARA 2 REFTEL, WE PREPARED AND LEFT AIDE MEMOIRE WITH FONOFF WHICH READS AS FOLLOWS:
- 3. QUOTE. THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS AND CALLS ITS ATTENTION TO THE REJECTION BY THE JAPAN CIVIL AVIATION BUREAU OF PAN AMERICAN'S PROPOSED 120 DAY ECONOMY ROUND TRIP EXCURSION FARE WHICH WAS FILED WITH THE MINISTER OF TRANSPORT ON AUGUST 1, 1975.

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- 4. AS THE MINISTRY IS AWARE, THE U S CIVIL AERONAUTICS BOARD VIEWS MOST SERIOUSLY THE QUESTION OF THE FARE STRUCTURE ON THE TRANS-PACIFIC SERVICE AS ELSEWHERE. THE UNITED STATES GOVERNMENT ALSO AGREES WITH THE VIEW EXPRESSED BY THE GOVERNMENT OF JAPAN IN ITS NOTE VERBALE OF AUGUST 19, THAT A STREAMLINING OF PROMOTIONAL RATES IS NECESSARY. WE BELIEVE THAT THE FARES PROPOSED BY PAN AMERICAN SEEM TO TAKE INTO ACCOUNT THE FARES PRESENTLY BEING OFFERED BY OTHER CARRIERS AND THE CIVIL AERONAUTICS BOARD DOES NOT CONTEMPLAT ACTION TO DISALLOW THEM. WE ALSO BELIEVE THAT THE FEAR EXPRESSED BY THE JAPANESE GOVERNMENT IN ITS SAME NOTE OF AUGUST 19, THAT THE REDUCED FARE MIGHT BE UNLAWFULLY APPLIED TOWARD PASSENGERS WHO DO NOT QUALIFY FOR THE FARE IS EXAGGERATED.
- 5. THEREFORE, SO FAR AS THE UNITED STATES GOVERNMENT IS CONCERNED, THE SAID FARES WENT INTO EFFECT FROM SEPTEMBER 1. AS WILL BE NOTED FROM THE APPLICATION THE PROPOSED FARES ARE BY THEIR OWN TERMS SCHEDULED TO EXPIRE MARCH 31, 1976 AND THE UNITED STATES GOVERNMENT TRUSTS THAT THE JAPAN CIVIL AVIATION BUREAU WILL PERMIT THEM TO REMAIN IN EFFECT, AT LEAST PROVISIONALLY, FOR THIS LIMITED PERIOD OF TIME.
- 6. THE EMBASSY ALSO ADDS THAT THE UNITED STATES
  GOVERNMENT IS READY TO DISCUSS THIS PROBLEM FURTHER
  WITH THE GOVERNMENT OF JAPAN IF SO REQUESTED. UNQUOTE.
- 7. TWO REFERENCES RE GOJ'S NOTE OF AUGUST 19 WERE INCLUDED AS RESPONSE TO TWO REASONS GIVEN BY GOJ IN ITS NOTE VERBALE FOR TURNING DOWN THE AIR FARE CHANGE REQUEST. (COPIES TRANSLATION THIS NOTE POUCHED TO EB/AV COBB IN LETTER DATED AUGUST 25).
- 8. EMBOFF ORALLY EXPRESSED WASHINGTON'S CONCERN THAT THE EMBASSY HAD NOT RECEIVED WRITTEN NOTICE OF THE FARE'S REJECTION PRIOR TO AUGUST 15 BUT WE DID NOT RPT NOT MAKE AN ISSUE OF THIS SINCE PAN AM RECEIVED A WRITTEN NOTICE OF THE REJECTION DATED AUGUST 13. EMBASSY ALSO UNAWARE OF ANY ARTICLE 13 OR OTHER LIMITED OFFICIAL USE

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ROVISION IN THE US-JAPAN AIR TRANSPORT AGREEMENT WHICH STATES THAT NOTIFICATION OF DISSATISFACTION EXPRESSED BY A CONTRACTING PARTY WITHIN FIFTEEN DAYS OF A FARE FILING MUST BE EXPRESSED IN WRITING. (WE WOULD, OF COURSE, WANT SUBSEQUENT WRITTEN CONFIRMAION OF ANY ORAL NOTIFICATION GIVEN).

9. MATSUOZAWA EXPRESSED UNDERSTANDING OF BOTH THE USG AND PAN AM'S POSITION AND PROMISED TO DISCUSS THE MATTER FURTHER WITH THE JCAB.

10. EMBASSY COMMENT: AS STATED ABOVE, THE US-JAPAN AIR TRANSPORT AGREEMENT LEAVES OPEN QUESTION WHETHER "NOTIFICATIONS" REGARDING FARE FILINGS MADE WITHIN 15 DAS OF THE FARE FILING MUST BE WRITTEN. IF WE DEPEND HEAVILY ON POSITION THAT SUCH DENIALS MUST BE IN WRITING, WE WOULD BE REFUSING TO ACCEPT THE GOJ NOTIFICATION ON A TECHNICALITY. WE MUCH PREFER TO REPLY ON SOLID REASONS AS TO WHY THE USG BELIEVES PAN AM'S REQUEST TO IMPLEMENT A LOWER FARE IS LEGITIMATE. END COMMENT.

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